

# **ENERGY STAR Lighting Program Design & Implementation**

## **Considerations for Starting New Lighting Programs**

**ENERGY STAR *Lighting Partner Meeting***

*April 4, 2005*

*Presented by Andria Jacob, Ecos Consulting*

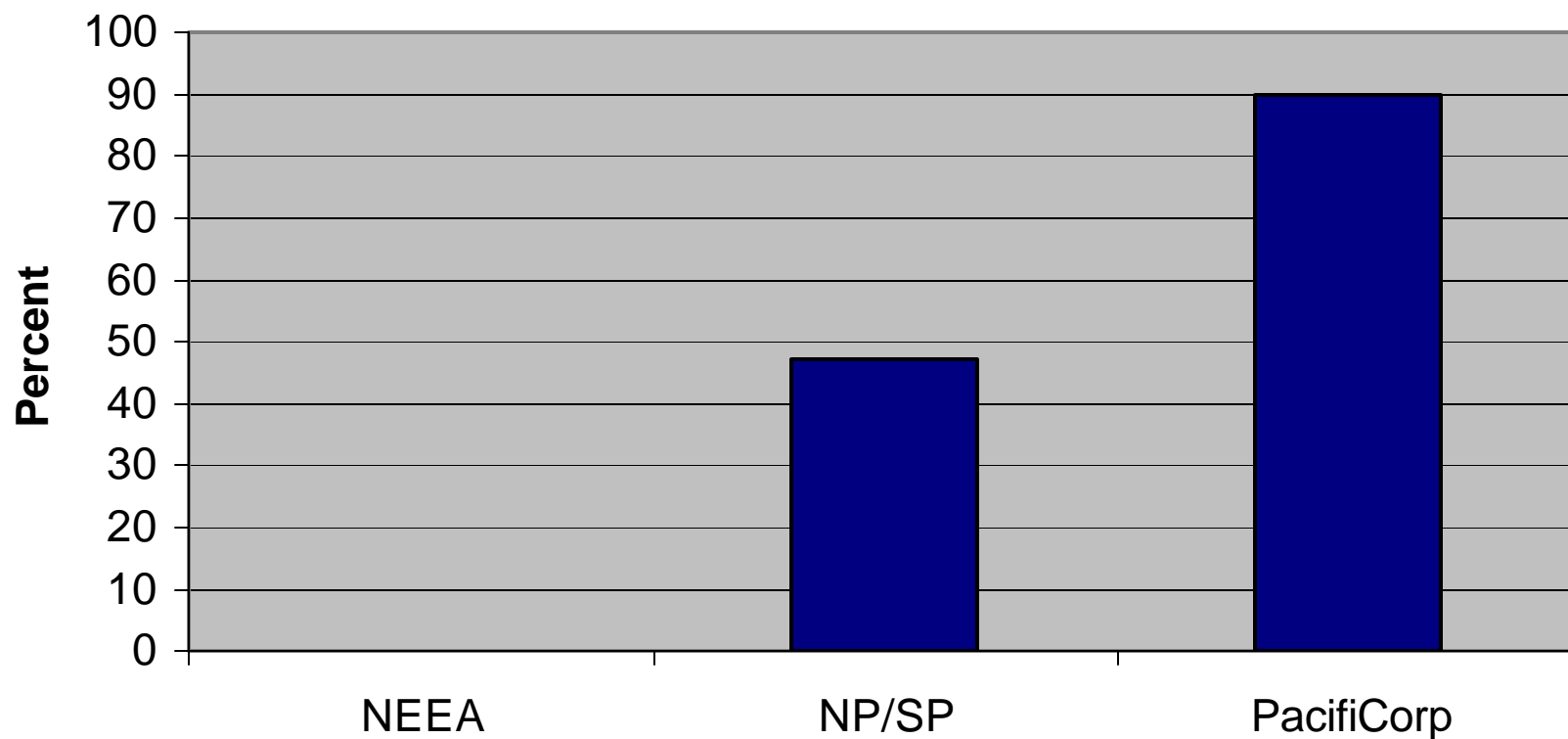
# Presentation Overview

- Program Objectives
- The Power of Market-Based Programs
- Nevada Power/Sierra Pacific Program Design
  - Incentives
  - Marketing
  - Channel Partners
  - Budget and Cost-Effectiveness
- Parting Thoughts

# Program Objectives Determine Design

- **Market Transformation**
  - Long-term
  - Systematic change in the value chain
  - Program support shifts from incentives to marketing
- **Resource Acquisition**
  - Shorter-term
  - Focus on moving units
- **Customer Satisfaction**
- **PR**

## % Incentives to Total Program Cost





# The Power of the Market

- Influence customer decisions at point of sale
- Leverage brand awareness built by **ENERGY STAR**
- Align with product sales cycles
  - September through April
- Share costs of marketing and promotion with industry partners

# Nevada Power/Sierra Pacific

- **Focus on lighting and appliances**
  - CFLs, fixtures, ceiling fans with light kits
- **Program design elements**
  - ENERGY STAR promotional calendar
  - Upstream buydowns
  - DiY channel partners
  - In-store merchandising
  - Outreach events
  - Field support

# Incentives

- **Upstream**
  - Results in lower retail price

	No Buy-Down			After \$20 Buy-Down			After \$20 Retail Coupon			
Product	Cost	Retail Markup (%)	Retail	Cost	Retail Markup (%)	Retail	Cost	Retail Markup (%)	Retail before Coupon	Retail after Coupon
Fixture	\$ 160.00	106%	\$ 329.60	\$ 140.00	106%	<b>\$ 288.40</b>	\$ 160.00	106%	\$ 329.60	<b>\$ 309.60</b>

- Simplest to administer
  - Preferred by national retail chains
- **Downstream**
  - Strongest connection with customer
  - Excellent branding opportunity

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**Nebraska Power**

**Sierra Pacific**

**TCF**

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**\$10**

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**ENERGY STAR**

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**ENERGY STAR**

Redeem this instant coupon for \$10 off the purchase price of any ENERGY STAR® qualified ceiling fan with light kit. Good value \$10.00. Limit one coupon per retailer. Coupon is voided if not used by 12/31/04. © 2004 PSE.

**\$2 INSTANT COUPON**

**Save up to \$2 per bulb**  
on an ENERGY STAR® qualified compact fluorescent light bulb with this coupon. Coupons valid at participating retailers only. For a retailer near you, call PSE at 1-800-562-1482 (option 4) or visit [pse.com](http://pse.com).

**an ENERGY STAR® qualified CFL Bulb**

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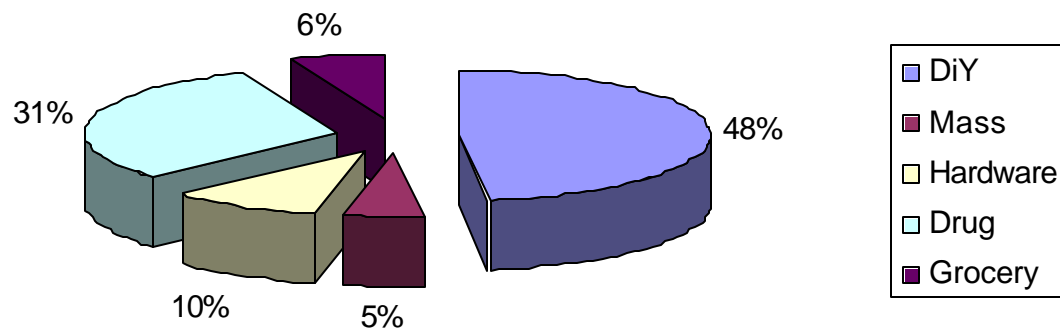
**ENERGY STAR**

**CHANGE FOR THE BETTER WITH ENERGY STAR**

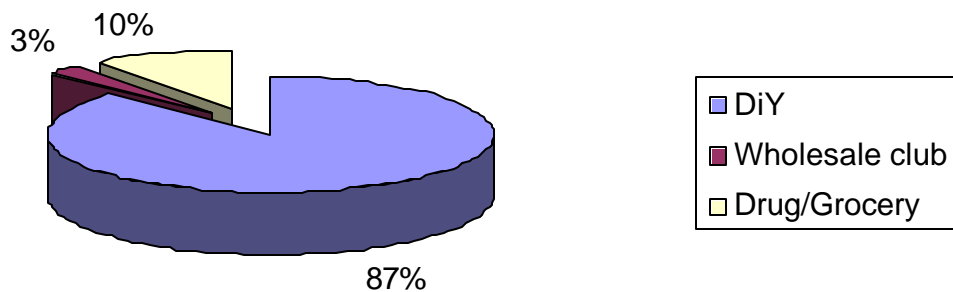
# Channel Partners

- **Understand your retail market**
  - Conduct a baseline survey
- **Establish relationships with manufacturers and retailers**
- **Train and re-train sales associates**

## CFL Coupon Sales by Channel (Puget Sound Energy)



## CFL Buydowns by Channel (Nevada Power/Sierra Pacific)



# Marketing, Promotion, and Consumer Education

- In-store merchandising provides great value for limited budgets
- Cooperative marketing leverages program funds
- Connect with ENERGY STAR campaigns like *Change a Light* for messaging and collateral
- Get out in the field
  - Staffed events, extended store visits







# Budget and Cost-Effectiveness

- **C/E tests weigh program benefits against costs**
- **Keep administrative costs low relative to incentive budget**
- **CFLs typically most cost-effective program element**
  - Substantial savings per unit plus high volume and low admin costs
- **Aim for levelized cost of 2-4 cents per kWh**

# Parting Thoughts

- Define your program objectives
- Pilot, test, learn, adapt, re-focus
- Assess your retail market
- Support market-based programs with adequate field coverage
- If cost-effectiveness is a concern, try to keep program costs low relative to incentive costs